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DCI BRIEFING
FOR THE HOUSE APPROPRIATIONS COMMITTEE

INDONESIA - MALAYSIA

I. One final trouble spot in Southeast Asia is the confrontation between Indonesia and Malaysia.

(MAP, SEA geopolitical)

- A. This map is a geographical projection centered on Bangkok. It shows how the new state of Malaysia, which is tinted, must look to either President Sukarno in Indonesia, or the Chinese Communists in Peiping.
1. From Sukarno's view Malaysia cuts him off from Southeast Asia and the Asian mainland.
 2. To Peiping, Malaysia is a barrier to southward expansion toward Indonesia and Australia.

II. The British actually formed Malaysia with the idea of adding enough Malay population to that of the Federation of Malaya so that it could safely unite with Singapore, which is about 80 percent Chinese.

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A. These overseas Chinese populations are a source of considerable concern to their host countries. In many cases they have a predominant role in trade and commerce, and there is a natural fear that if Nationalist China should go under, the Overseas Chinese will have no alternative but to look to Communist China as their Motherland.

B. Sukarno refused to accept a UN finding that the people of British North Borneo had agreed to the new confederation, and proclaimed a "Crush Malaysia" campaign which is even more militant than his campaign to take over West New Guinea.

(MAP, Malaysia-Indonesia)

C. He has been trying to establish pockets of guerrillas inside Malaysian Borneo, He has also sent more than 450 guerrillas, whom he calls "volunteers," into the Malay Peninsula itself, in and around Singapore. All of these 450 have been killed or captured, but the Indonesians continue their efforts to infiltrate small groups by sea.

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Last fall one major infiltration was by parachute.

III. The British are carrying the main responsibility for countering Sukarno's moves. There are some 60,000 British or Commonwealth troops deployed against the Indonesians, and another 31,000 or so native Malaysians. The British have also beefed up their air and sea power in the area.

IV. The Indonesian Army, however, now numbers about 300,000, and is increasing its concentrations in Borneo, and to a lesser extent on Sumatra opposite the Malay Peninsula. Along the border in Borneo, the Indonesians had 5,000 troops in December, and are now engaged in reinforcement which will increase this to 18,000 by March.

A. Sukarno is probably trying to create enough pressure to bring about more negotiations. We doubt that he would seek a full state of war with the British. His continued provocations, however, create a strong danger of open if undeclared warfare.

B. Negotiations so far have been fruitless because Sukarno refuses to call off his guerrilla operations. This is a Malaysian precondition for any serious talks.

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